

**REMARKS**

Claims 5-6, 8-10, 12 and 15 are pending in this application. By this Amendment, 1-4, 7, 11, 13 and 14 are canceled without prejudice to or disclaimer of the subject matter recited therein and claims 5, 9, and 12 are amended. No new matter is added. Reconsideration in view of the above amendments and following remarks is respectfully requested.

The courtesies extended to Applicants' representative by Examiner McLean and Examiner Poon at the interview held June 29, 2007, are appreciated. The reasons presented at the interview as warranting favorable action are incorporated into the remarks below and constitute Applicants' record of the interview.

The Office Action rejects claims 1-4 under 35 U.S.C. §102(e) as being anticipated by Nihei (U.S. Patent No. 7,098,942); rejects claims 5-9, 11, 12, 14 and 15 under 35 U.S.C. §102(e) as being anticipated by Frey (U.S. Patent No. 6,369,908); and rejects claims 10 and 13 under 35 U.S.C. §103(a) as being unpatentable over Frey as applied to claim 8 and further in view of Nihei. Applicants respectfully traverse these rejections.

Applicants respectfully submit that the rejections with respect to claims 1-4, 7, 9, 11, 13 and 14 are moot because they are canceled by this Amendment. Reconsideration of the remaining claims in view of the following remarks is respectfully requested.

Nihei and Frey, either individually or in combination, fail to disclose or suggest the dispensing feature recited in claim 5 and the distribution feature recited in independent claims 8 and 12.

Nihei, col. 3, lines 40-66, merely discloses a floppy disk drive insertion slot 4, front side universal serial bus terminal 3, a flat bed scanner 6 and a coin insertion slot 8. As discussed in the interview, Nihei fails to disclose or suggest any features of distribution. Frey fails to cure the deficiencies of Nihei. Frey, at col. 2, lines 42-43 merely discloses a payment collection device 16. At col. 3, lines 3-6, merely discloses that a photography kiosk may have

an optional vending device for selling removable electronic storage devices. Further in col. 3, lines 19-22, Frey merely discloses that its device accepts payment through the payment collection device 16.

Therefore, Nihei and Frey, either individually or in combination, fail to disclose or suggest the dispensing feature recited in independent claim 5 and the distribution feature recited in independent claims 8 and 12.

In view of the foregoing, independent claims 5, 8 and 12 define patentable subject matter. Claims 6, 7, 9, 10, 12 and 15 depend from claims 5, 8 and 12, respectively, and therefore are patentable for the same reasons, as well as for the additional features recited therein. Thus, Applicants respectfully request that the Examiner withdraw the rejections.

Applicants respectfully assert that this application is in condition for allowance. Favorable reconsideration and prompt allowance of claims 5-6, 8-10, 12 and 15 are earnestly solicited.

Should the Examiner believe that anything further would be desirable in order to place this application in even better condition for allowance, the Examiner is invited to contact the undersigned at the telephone number set forth below.

Respectfully submitted,



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JAO:EXC/tbm

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